

COMMONWEALTH OF VIRGINIA

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## CONFERENCE CALL WITH CHESTERFIELD COUNTY SEPTEMBER 11, 2001

Below are a series of questions that we (Supervisors Kauffman and Hyland) had an opportunity to ask officials in Chesterfield County, Virginia on September 11, 2001 regarding their cash proffer system. Following the questions are answers we received from Chesterfield County. Answers were provided by Thomas Jacobson, Director of Planning for Chesterfield County and by Allan Carmody, Finance Manager of Chesterfield County.

1. **What process existed before for land use?**
  - Implemented conditional zoning in July 1989 after became available for jurisdictions outside of Northern Virginia.
2. **What were you looking to accomplish? /Similar challenges?**
  - County was having difficulty keeping pace with provision of facilities.
  - Lobbied for impact fees but was provided cash proffer system.
  - Unlike Fairfax, Chesterfield still is long way from build-out.
  - Sees cash proffer system as a way to augment CIP funding plan.
3. **Who pushed for change and why?**
  - Politically driven. Four out of five Board members defeated in 1992.
  - Prior Board seen as pro-development; frequently opposed staff recommendations for denying applications.
  - New Board elected on a "managed growth" platform.

- County was effective in getting needed sites, etc. with large-scale development but smaller cases were providing little or nothing.
- Chesterfield was facing 30K residential units in development pipeline and insufficient infrastructure improvements to support.

**4. What internal/external opposition did you face?**

- Most opposition from Homebuilders Association.
- Ultimately, Chesterfield hired Tishler and worked out cash proffer system. System gives credit to future taxes paid.

**5. How did you approach the issue of “cumulative impact?”**

- Have to take into account community-wide needs – not just project’s increase that may be absorbed into existing infrastructure.
- Staff driven recommendations for application of proffer funds based on CIP.
- Program was phased in. Today rate is \$7,800 per unit with average being paid in at \$4,500 per unit. Does not apply to lots zoned prior to 1990 – is not retroactive.

**6. Are your members elected by district? If so, were there concerns over funding being disproportionately “directed” to developing areas?**

- Board consists of five members elected by district.
- High visibility as to where/when dollars are used.
- Supervisor districts do not line up with service areas for school and other cash proffer funding distributions.
- Cash proffers spent in developing areas helps free-up CIP money for less-developing areas.

**7. Is the proffer process linked directly or indirectly to your CIP?**

- Linked directly to annually reviewed CIP.
- If project is not in CIP, County cannot accept cash in form of proffers – this is spelled out in State Code Sect. 15.2-2298.

**8. Has the school system been “reasonable” in their expenses/use of proffered funds?**

- Capital expectations for schools are based on actual expenditures of schools construction- not on expectations.

**9. How are transportation projects/issues handled under your system?**

- Formula based. However, formula is not absolute.
- Transportation impacts are evaluated on identified needs – not just roads around the site – and have been used for off-site improvements.
- Can't say they have lost any State funding as a result of cash proffers.

**10. Have you felt that this system in any way “caps” the potential for proffers – i.e. Getting locally needed improvements that are not covered by formulas?**

- Cash proffers are in addition to other proffers; they do not replace each other.
- Have negotiated lower formula contributions in return for more vitally needed local projects.
- Key is how need for proffers fit in to total community needs.
- Have learned that some proffers are more important than infrastructure cash proffers – depends on needs and desire of area residents – still get things like brick fronts, etc.

**11. How do you address funding to support affordable housing?**

- Well if you don't do this, you may have to deal with a real estate tax increase to cover services that hurts low-income residents purchase their first homes.
- Or, you may have to reduce some of the services they rely on to save revenue to prevent a tax increase. This option impacts low-income residents the most, as they are the largest users of County services that would have to be cut.

**12. Are you still facing opposition from State legislators/builders over system? If yes, what are the issues?**

- Yes.

- Concern that House Bill 2476 is just the first shot at limiting local growth management.
- Fear that as soon as cash proffer system begins to develop significant money that the rug will be pulled out from under the County.

**13. Before and after – what has Chesterfield County gained in terms of: A) Value of improved facilities; and B) Linking of development to available facilities?**

- Total collections from cash proffers: 1999 – \$1.2M; 2000 - \$1.6M; 2001- over \$2M.
- Cash proffers amount to 4% of County / school capital improvement revenues.
- System is not perfect. Chesterfield is starting to look at geographical issues about where development occurs versus impacts. For example, in some areas improvements simply cost more. Have not yet done a full analysis.

**14. Have there been any lawsuits? Threats of lawsuits?**

- Yes. County has won all cases including cases appealed all the way to the Virginia Supreme Court.
- Cannot use refusal to pay cash proffers as the only reason for denying a proposed development.
- Exceptions to cash proffer system have been granted for some projects. Proffer system is still a negotiated process.

**15. How much developable land is left in the County?**

- Roughly 2/3rds of the County remains to be developed.

**16. Does staff still negotiate proffers with developers? Do you have a hybrid system?**

- Yes to both questions.

**17. How much money do you collect? Each year? Total since the beginning?**

- See answers to Question 13.

**18. Are the proffers put into the general fund? If not, how distributed?**

- Cash proffers have their own fund and are dedicated to capital facilities only.
- In many respects, distribution is similar to way Fairfax County distributes pro-rata funds based on staff recommendations.

**19. How do you deal with the charge that the proffers are unfair to the newest developers (last in)?**

- Cash proffer formulas were phased in over three years after start of program.
- Amount is set by the Board of Supervisors and is a maximum amount.

**20. Who decides how money is spent? The Whole Board? The Staff? One Supervisor?**

- The whole Board decides how money is spent. Staff makes recommendation and expenditure must link to a project already included in CIP.
- Funds are not distributed on basis of supervisor district. They are distributed on basis of separately established service districts for transportation improvements, parks, schools, libraries or fire stations.

**21. Where do/did you get school sites/library sites/parks, etc.?**

- Still get these through the proffer system.